FOUNDATIONS

LIBRARY FOUNDATIONS

Contributed by: **Jeanne Thorsen, Executive Director**
King County Library System Foundation
and
Nancy Patton, Development Coordinator
Sno-Isle Regional Library System

Each person, family, and business in our community faces a daunting challenge: the rapid pace of change. Compounding this challenge is the growth and array of information sources from which to choose so that wise decisions can be made. To cope and succeed, we need trusted information easily and quickly. *The answer: the public library.*

But the public library faces enormous challenges, too. Challenges in reaching and serving all members of our community, especially those who may not be aware of how the library can help them find community resources, learn about job opportunities, and better their lives. And, challenges in funding facilities, collections, services, and programs.

Library foundations provide opportunities for an array of revenue sources to supplement tax support.

Libraries have significant advantages in terms of fund development:

- **Our doors are open every day, and our service is offered to all residents**. The majority of public institutions seeking private dollars, or non-profit agencies seeking additional funds, strive to attract people to their facilities, programs, and services.

- **Our service is trusted**. With the abundance of data available electronically, there is a need for librarians' expertise in locating the most correct and helpful sources.

- **Our service is valued**. Even if adults haven't set foot in a library for a long time, they know the library's value in our society.

- **And, our service is memorable and positive**. People can fondly recount the library of their childhood, and the wonder of access to new worlds of information, and of taking their children and grandchildren to the library to check out books and listen to storytellers.

Residents in Washington State are generous in their support for libraries. In addition to tax assessments through their city or library district, they regularly pass bond and levy measures to increase their support for library services in their communities.

Libraries provide essential services that change people's lives. A library foundation provides a structure for people to show their appreciation for and support of extended library services. It's a win-win-win situation: the donor has confidence in the organization and how their dollars will be spent and can receive tax benefits, the library gains support for needed projects, and the foundation achieves its goal of providing additional resources to the library.

Friends of the Library groups are vital to the success of our libraries. Through their generous spirit and dedicated efforts they provide additional financial support and visibility that is so crucial in our communities. While it is appropriate for each Friends group to be focused on supporting its own library, a foundation can serve an entire library system or district.

Benefits of Foundations

By raising private dollars, libraries are able to stretch public dollars even further. One of the biggest obstacles is that the library is a public, tax-supported agency and many prospective donors choose not to give to public agencies. They will, however, often contribute to a non-profit, tax-exempt private organization–in other words, a library foundation.

A library foundation is a separate legal entity formed for the purpose of supporting and enhancing library programs and services. Its primary function is to secure financial and in-kind donations for the benefit of the library. It offers donors a familiar and reliable way to make tax-exempt contributions to the library. The foundation can be the vehicle for businesses, corporations and individuals to make tax-exempt contributions in support of the library.

The benefits of a foundation are many:

Grant Eligibility
Foundations have the advantage of being eligible for grants for which public libraries may not qualify. Most grantors require that recipients be qualified non-profit organizations. Also, many major grantors have a policy against funding tax-supported institutions, but will provide grants to foundations.

Sponsorships and Partnerships
Finding the right partner for your project is an art, and many companies like to be associated with the types of programs created by libraries.

Planned Giving Opportunities
Planned giving is a way for donors to make gifts to an organization and receive financial benefits. There are a variety of options including Charitable Gift Annuities, Deferred Gift Annuities, Pooled Income Funds, Charitable Remainder Trusts and the most common, Bequests. Through Planned Giving donors have the opportunity to give through their estate and realize a tax advantage while providing for their loved ones.

Stocks, Property, Insurance, and Cash
Foundations can accept gifts for restricted and unrestricted purposes, providing donors a tax exemption (to the extent qualified by law).

Endowments
Funds contributed to an endowment fund are invested and only the interest is spent on library needs. These endowments are used for continuing support and future security for the library.

Investment Opportunities
Foundations have the flexibility to invest their funds to maximize the benefit for the foundation and, eventually, the library. Investment options available to public agencies are much more restrictive.

<u>Community Support and Confidence</u>

As simple as it sounds, people have confidence in foundations. When people give to a foundation they know that their gifts will be used to benefit the library. Also, gifts to a foundation may be restricted by donors to their specifications, making the giving of the gifts even more appealing. Restrictions, or specified uses, may be directed for collections, specific branches, specific programs, etc.

Establishing a Foundation

A library foundation is relatively easy to establish. It takes planning, persistence, and patience. First, a few basic legal steps need to take place. These include selecting board of director officers, preparing Articles of Incorporation and Bylaws and finally, applying for tax-exempt status with the Internal Revenue Service. Some private fund raising will be necessary to cover legal fees and document filing fees; public funds may not be used to organize and establish a private foundation.

Organization of the Foundation Board

The size and organization of the foundation board will vary depending on the needs and resources in the community. The key is to attract, recruit and involve dedicated individuals in the community who will raise funds and visibility on behalf of the foundation. Operating policies, practices, and committees will evolve as the foundation grows.

Communication between the library board of trustees and the foundation board of directors is essential for success. Some foundations include and involve all library trustees on the board, and some include a designated liaison from the library trustees. In some cases, there is total separation of the boards with other systems in place for sharing information about library programs and issues.

The staffing and support of library foundations also varies. In some cases, the library provides the staffing and support; in other instances, the foundation totally supports the staff and office; and, in some libraries, a mix of library resources and private funding is in place. Each library should clarify the approach to staffing and support with legal counsel.

Advice is available from attorneys and accountants regarding laws governing foundation activities and fiscal management. Numerous educational institutions and fund development organizations offer seminars and workshops on board recruitment and development, financial accounting, etc. which provide valuable insight and information for both new and established foundations.

Support of Library Programs and Priorities

Library foundations support the goals and priorities of the library, and work closely with the administration in the planning and funding of projects. Library foundations focus on capital projects, collections, programs, and services that cannot be funded through public dollars. For example, foundations can raise part or all of the resources for a new building, buy books to give away as part of a reading readiness program, and supplement programming funds.

Contacts

Staff members in library foundations–in Washington State and throughout the country–are very generous in their willingness to share information as to how their organizations are structured and funded. For more information, contact any of the library foundations in the state. Library Websites usually carry a link to foundation information, or your local library director can direct you to these organizations.

Conclusion

A proverb says "A man can wait for a long time with his mouth open before a duck flies in." Libraries have excellent stories to tell and numerous opportunities to let people know that their support is valued and needed. Libraries are more important than ever as they meet the challenges of today and tomorrow. The pace of change will continue to accelerate, and a foundation can help the library keep meeting the demand for services in our communities.

RESOURCES

Internet Websites

Fdncenter.org/

> The Foundation Center is an independent nonprofit information clearinghouse established in 1956. The Center's mission is to foster public understanding of the foundation field by collecting, organizing, analyzing, and disseminating information on foundations, corporate giving, and related subjects. Click on Cooperating Collections then Washington to find local collections.

http://www.internet-prospector.org/index.html

> Produced by a network of volunteers who mine the Net for prospect research nuggets. Findings are published on this Website and via a monthly electronic newsletter. Available through private e-mail subscription and via PRSPCT-L listserv.

http://www.cof.org/index.htm

> Foundations play an important role in our society by changing lives and communities. The Council on Foundations works to support foundations by promoting knowledge, growth and action in philanthropy.

http://www.granted.org/grants.html

> The Community Resource Institute is a small non-profit organization with a growing presence on the Web. Its mission is to become one of the most useful grant funding resource sites on the Internet.

http://www.rfsco.com/

> Since 1963, the Robert F. Sharpe Company has focused on communicating estate and gift planning ideas to the people who support education, social services, health care, the arts and many more charitable endeavors. It is the leading source of charitable gift planning support services for the nation's nonprofit community.

http://www.prochoiceresource.org/html/info/fund-resources/individual-giving.htm
> The ProChoice Resource Center has selected and compiled some of the very best fundraising resources for grassroots groups. Whether you are new to fundraising–or are looking to take your organization to the next level of funding–these resources provide essential information for planning and implementing a fundraising program.

http://www.raisingmoremoney.com/index.shtml
> While nearly 90 percent of all charitable contributions come from individual donors, the vast majority of nonprofit organizations are still heavily dependent on corporate and foundation grants for special events. This Website is for nonprofit staff, board members and volunteers who are passionate about the mission of their organizations and tired of the old model of raising funds. This site includes tools for growing your organization's base of individual donors and becoming financially self-sufficient.

http://www.indepsec.org/
> A coalition of leading nonprofits, foundations, and corporations strengthening not-for-profit initiative, philanthropy, and citizen action.

http://www.ncrp.org/
> The mission of the National Committee for Responsive Philanthropy is to make philanthropy more responsive to people with the least wealth and opportunity, more relevant to critical public needs, and more open and accountable to all, in order to create a more just and democratic society.

http://www.ncnb.org
> National Center for Nonprofit Boards is an extensive publisher of booklets, books, videotapes and audiotapes.

http://www.philanthropy.iupui.edu/
> The Center on Philanthropy at Indiana University increases understanding of philanthropy and improves its practice through programs in research, teaching, public service, and public affairs.

http://www.access.mpr.org/civic_j/giving/resources/resources.shtml
> Minnesota Public Radio's extensive list of links, books and a glossary on charitable giving.

For more information on philanthropy, fund development, board development, management of non-profit organizations, etc., visit http://www.kcls.org and click on Philanthropy. Information about the King County Library System's Nonprofit and Philanthropy Resource Center at its Redmond Regional Library and links to related Websites are provided.

Several libraries in Washington State are designated Foundation Center sites. Go to fdncenter.org/ and click on Cooperating Collections, then Washington for a list. These collections feature a variety of resources for fund development. Contact your local library for more information.

Books/Articles

Legacies for Libraries: A Practical Guide to Planned Giving. Amy Sherman Smith and Matthew D. Lehrer. American Library Association. 2000.

Library Fundraising: Models for Success. Dwight Burlingame. American Library Association. 1995.

Fundraising and Friend-Raising on the Web. Adam Corson-Finnerty and Laura Blanchard. American Library Association. 1998.

National Guide to Funding for Libraries and Information Services. Edited by Gina-Marie Cantarella. 5th ed. New York: Foundation Center, 1999.

Becoming a Fundraiser: The Principles and Practice of Library Development. Victoria Steele and Stephen D. Elder. American Library Association. 2nd ed.

Contact your local library and peruse the hundreds of titles on fundraising and philanthropy.

Additional Resources

Association of Fundraising Professionals, formerly National Society of Fundraising Executives. AFP has chapters in most cities, and programs for members and non-members. http://www.afpnet.org.

Contact development groups in your area for information on programs, seminars, trainings, etc.

The American Library Association provides publications, programs, etc. For example, The Library Administration and Management Association and the Public Library Association – both divisions of ALA – often sponsor programs on foundation basics and fund development.

The Urban Libraries Council is another source of information for public libraries.

COOPERATIVE COMMUNITY FOUNDATIONS

Contributed by: Victoria Parker, Director
Orcas Island Library District

An option that is particularly useful for small communities is establishing an "umbrella" foundation that serves a number of local non-profit organizations. The funds available for investment purposes by a relatively small library or Friends group may be modest, so pooling funds with other non-profits is good business. The community foundation separately tracks the funds and revenues generated for each participant. The organizations all retain their autonomy and authority over their own funds

A successful use of the cooperative community foundation occurred on Orcas Island. In 1995 the Orcas Island Library District acted as the facilitator for discussions about the potential establishment of a community foundation. The library invited representatives from many of the island's non-profits to a round-table discussion and the result was a commitment by a core committee to prepare a proposal for the non-profit organizations to consider, and then to recruit the first board members for the foundation.   The mission of the Orcas Island Community Foundation (OICF) is "...to help improve the quality of life on the island in perpetuity."

What are the advantages of a cooperative community foundation?
* Pooling investments creates greater earning potential, while maintaining the integrity of each individual endowment fund.

* Professional investment management is critical to the success of a foundation. In this example the OICF, and thus each of the members, receives the benefit of professional investment management through The Seattle Foundation.

* The number of potential board members to oversee foundations in a small community may be limited. By cooperating, local human resources are maximized.

* A community foundation opens up the opportunity for a general endowment fund, which can respond to the highest needs of the community in any given year through grants or focused gifts.

The Community Foundation serves Orcas Island non-profit organizations in two ways:

OICF acts as the conduit for investing through The Seattle Foundation. Each non-profit designates the specific purpose and name of the fund or funds, both principal and income. Donors may identify a particular fund as the recipient of their gift or allow the recipient non-profit to establish the fund priority.

Secondly, an endowment gift to OICF of any amount can be directed to benefit a specific organization, or to assist in an area of community need, or it can be an unrestricted donation which can be returned to the community through an annual non-profit grant process. A donor may also establish a new fund to address an island need that matches their personal or family charitable giving goals. A Designated or an Advised Fund may be named, based on a $5,000 minimum gift that can accumulate over time.

Currently the Orcas Island Library District and Friends of the Orcas Library have a number of designated endowment funds invested with OICF. The focus of these funds varies from collection development, to capital improvement, and to unrestricted. In general, only interest or value increase from these funds may be distributed back to the library. A second type of library fund does allow for drawing down the principal as needed. New building or construction funds fit this category as shorter term, large investments that will be utilized in a lump sum.

For additional information about the Orcas Island Community Foundation contact the Orcas Island Library District.